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SUBJECT: SERBIA: MAYOR DJILAS OUTLINES BELGRADE'S PRIORITIES

Reftel: Belgrade 185

SUMMARY

1. Mayor Djilas told Ambassador his foremost priority was to implement social programs for Belgraders amid this tough economic period. Due to the financial crisis, infrastructure projects have slipped to second place on Djilas's priority list. Djilas believed both of these tasks would be difficult to finance given the expected budget cuts. Djilas' focus on tangible programs from which Belgrade citizens will benefit is also a political move that he hopes will help him win re-election in three years time. End Summary.

Good City-Embassy Cooperation

2. (U) On March 18, Ambassador met with Belgrade City Mayor Dragan Djilas of the Democratic Party (DS). He thanked Djilas for his support for the New Embassy Compound (NEC) and USAID's renovation of the Dom Omladine center which houses Belgrade's American Corner, and asked that he and his staff ensure that remaining and possible future bureaucratic obstacles on these two projects continue to get his attention to ensure speedy resolution. The Embassy requested Djilas' help in preventing bureaucratic obstacles from slowing the construction of the NEC, final inspection of Dom Omladine, and the expansion the International School of Belgrade. Thus far, the Embassy has had good cooperation with the City of Belgrade.

City Budget to Decrease

3. (U) When asked about his media announced strategic plan for the Belgrade, Djilas said his plan was "more marketing than real life." Djilas said he knew that the city's budget would decrease because the state budget will be revised downward in April or May. According to Djilas, 15% of Belgrade's budget came from the state. He criticized the state's inevitable plan to take money from cities and municipalities when the federal government had redundant employees and abundant resources. Djilas believed 2010 will be even worse for Belgrade as he did not expect that there would be new land leasers this or next year. Payments for leased land from the city accounted for 50% of Belgrade's revenues, according to Djilas.

People First, Infrastructure Second

4. (U) Djilas' plan is to focus first on social problems and second on infrastructure projects. Djilas said the budget would be used to supplement pensions, give financial support to pregnant women, build 12 much needed kindergarten, run soup kitchens, and improve the neighboring water waste treatment plant. Second in line would be the construction of two bridges, one from the northern suburb of Zemun across the Danube River to Borca (as part of the planned Ring Road to keep traffic out of the center of the city) and the other across the Sava River to New Belgrade over Ada Ciganlija City Park.

Although there were discussions with the Russians, Canadians, and Chinese about constructing a metro system in Belgrade, Djilas deemed the project as impractical at this time, and something for the national government to take on.

Self-Assured

15. (SBU) Djilas seemed comfortable that the public was satisfied with his performance. He predicted that DS would secure 40% of the vote if new elections were held today and thus be able to reduce the number of parties in the municipal governing coalition from the current five (DS, G17 Plus, Liberal Democratic Party, Socialist Party, and Pensioners Party). When asked how the coalition was faring, Djilas said overall cooperation with LDP was fine, but admitted that he was often at odds with SPS members, with the exception of City Assembly President and former SPS Belgrade Board Chairman Aleksandar Antic, whom Djilas characterized as sensible and as someone who has delivered on his promises. Djilas was also open about his continued conflict with Minister of Infrastructure Milutin Mrkonjic over Mrkonjic's populist and unrealistic public statements on social welfare issues. Nevertheless, Djilas stated that it was not in Serbia's or Belgrade's greater interest to have new elections at this time; rather, continuity and stability were more important. Finally, Djilas said corruption was still a significant problem that the DS party wanted and needed to tackle.

COMMENT

16. (U) Belgrade, like the national government, is feeling the effects of the financial crisis and has chosen to focus on the needs of the most needy Belgraders and not on grandiose infrastructure projects for which funding is tough to secure. The move to implement social programs and small-scale infrastructure projects is also politically-driven, as Djilas freely admitted; his success will have a big impact on whether he is re-elected three years from now.
End Comment.

MUNTER